



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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TO: Minerals File

FROM: D. Wayne Hedberg and Randy Harden *DWH*

RE: USMX Goldstrike Mine Reclamation Progress, M/053/005, Washington County, Utah

The Goldstrike Mine owned and operated by USMX of Utah, Inc. (USMX) is in the final stages of reclamation and closure. Mining at Goldstrike ended in October of 1994 and reclamation of pits and other related site areas ensued. Total mining related disturbance at Goldstrike, including haul roads, pits, waste dumps, process facilities, leach pads and associated support areas is 389 acres. USMX reclaimed approximately two thirds of the Goldstrike mine site by the end of 1995. Additional reclamation efforts have been suspended since that time.

In February of 1998, Dakota Mining Corporation (parent to USMX of Utah, Inc.) notified the Division that they would not be able to complete the remaining reclamation of the mine site due to significant financial constraints. On May 5, 1998, the Division of Oil, Gas and Mining issued a stipulated emergency order directing USMX/Dakota to commence the remaining reclamation of the Goldstrike Mine site located in Washington County, Utah.

On May 15, 1998, a settlement agreement was reached between USMX and the Division. As part of the settlement agreement, USMX voluntarily surrendered the balance of its reclamation surety (Certificates of Deposit) to the Division, which totaled \$1,014,000. Early withdrawal penalties reduced the total amount of monies available for reclamation to \$972,450, upon conversion of the forfeited Certificates by the Division.

The State Department of Purchasing authorized a sole source contract with USMX effective May 15, 1998. USMX would act as the primary contractor coordinating the remaining reclamation work at the Goldstrike Mine using the forfeited monies to be dispersed by the Division. USMX agreed to provide the Division with invoices as the reclamation work was accomplished and the Division agreed to reimburse USMX as the work proceeded.

As of August 18, 1998, \$148,387 of the forfeited reclamation funds have been expended. An additional invoice of \$54,277 is pending review by the Division. Each invoice submitted by USMX is held for payment by the Division until USMX provides a disbursement summary of the previous invoice indicating payment on all prior bills. Itemized expenses may include, but are not limited to, labor and management costs, contractor and equipment costs, consulting, materials, and other costs related to reclamation work at the Goldstrike Mine site.

L&M Construction was hired by USMX as the primary earthmoving contractor for the reclamation work. USMX staff and other contract labor are also actively engaged in reclamation activities at the site. These activities include demolition and removal of buildings, structures, and related processing equipment. Other ancillary reclamation work will include reseeding and final drainage controls.

To date, the majority of the earthmoving work has been accomplished in regrading the #2 Heap. Portions of the heap have reached final grade and are now receiving topsoil. Demolition of the processing plant and shop complex is now in progress. Various parties have bid on structures and equipment for salvage from the site. Salvage values for many of the items on the site were not factored into the reclamation costs and the diligence of USMX staff in selling this equipment is helping to reduce overall reclamation costs for the site.

The BLM has salvaged portions of the HDPE plastic lining from some of the process water ponds on the site. The plastic will be used for the construction of rangeland guzzlers by the BLM. The lining material was provided by USMX at no cost to the BLM.

Periodic inspections of the reclamation work in progress have been conducted by Wayne Hedberg and Randy Harden of the Division. The principle contact and manager for the reclamation work by USMX is Doug Jensen. Doug has been extremely helpful in communicating with the Division and expediting the work in progress at the mine site. Based on the current projected work schedule, Doug has indicated that all remaining reclamation work should be completed by October or November of 1998.